

HR Strategies in Banking Sector (Special Reference to Public & Foreign Bank)

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ABSTRACT

Presently the competition is going on sky high in the banking industry. Merely tough competitors can persist under these prompt changes. Every single bank wished to face this situation and emerge as victorious, but it was not as easy as one could imagine. But this could be possible somewhat if a desire to work all together for transformation was made. Fast moving and complex world of new techniques & skills had forced banks to consider it and to adjust themselves to the changing banking environment. There was a requirement to advance competencies i.e. skill, knowledge and approach among the bank employees to make them more appropriate to the altering circumstances. Since every human being had potential to do remarkable things and to support him to understand, develop and utilize his/her potential, the bank should provide them knowledge and emerging climate as well as prospects. And this was possible only if efficient and effective Human Resource Practices, which would maximize value and minimize cost within the organization, should be applied. But there was no single practice to which all organizations should aspire, but to some extent, each firm must have a distinguishing Human Resource Management System that represents core competencies required for the survival and sustainability of that particular organization. Best for one firm may not be best for other. The best technique applied last month may not be best for today. Hence in this present competitive world, management of human resources had been a matter of crucial determination of success for the banking industry. Better management of human resource had been more earnestly felt as a vital, in recent decade as before. Thus, with a view of the inevitability of Human Resource in the banking sector, the aim of this study was to examine HR Strategy followed by public & foreign sector banks.

KEYWORDS: Human Resource; HR Strategies; Public & foreign Sector Bank; Training and Development, Salary and Fringe Benefits, Job Satisfaction, Image Projection, Promotion Policy, Medical, Housing and Employees Performance

INTRODUCTION

The success of any organisation depends on the quality of its Human Resource (HR). The Human Resource (HR) function provides significant support and advice to the management. Each and every person is unique. A human being is a mixture of Psycho-Social-Physical traits; therefore, every individual is unique. Anybody joining the banks as an employee can be considered developed from the viewpoint of physical and social traits. Banks, normally adopt proper and purpose oriented training, logical and rational placement, development of healthier attitudes, objective appraisal system, better leadership and development of higher individual/group morale for the development of the human resource at their command.

Meaning of Strategy

The term strategy is derived from Greek word **strategies**, which means general ship. The concept of strategy has been borrowed from the military and adapted for use in business. Strategy, a word of military origin, refers to a plan of action designed to achieve a particular goal. Strategy is an action that managers take to attain one or more of the organization's goals.

Definitions of strategy

Igor Ansoff (1965) explained the concept of strategy as, "The common thread among the organization's activities and product markets that define the essential nature of business that the organization was or planned to be in future".

HR Strategies

HRM strategies are also known as Human Resource Management strategies. Human resource strategy is designed to develop the skills, attitudes and behaviours among staff that will help the organization meet its goals. Human resource strategy consists of principles for managing the workforce through HR policies and practices. It covers the various areas of human resources

Functions such as recruitment, compensation, performance management, reward and recognition, employee relations and training. main steps in implementing a strategy:

1. Developing an organization having potential of carrying out strategy successfully.
2. Disbursement of abundant resources to strategy-essential activities.
3. Creating strategy-encouraging policies.

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4. Employing best policies and programs for constant improvement.
5. Linking reward structure to accomplishment of results
6. Making use of strategic leadership.



Public Sector Banks (PUSB)

The banks owned, managed and controlled by the central, state or local government are termed as public sector banks. A public sector banks may be defined as any commercial undertakings owned and managed by the government with a view to maximise social welfare and uphold the public interest. In 1955 the first public sector bank came into existence when the RBI took control of Imperial bank of India which was later renamed as State Bank of India. Examples of public sector banks are: State Bank of India, Union Bank of India, Bank of Baroda and Canara Bank etc.

Foreign Sector Banks (FSB)

Foreign Banks are those which are incorporated in foreign country. Their management and control is in the hands of the country of their origin but the branches are in India. These banks are also known as exchange banks or foreign exchange banks. These types of banks deal in the exchange of foreign currency. They specialize in financing foreign trade the banks offer credit only for foreign trade and their principal function is to make arrangement for export and import of the country.

REVIEW OF LITERATURE: -

Singh (2013) Effective management of human resources play a vital role in sound management of banks as human resource management is a central sub system of modern management system. This truism is well recognised by even market economies of USA, UK, and France etc. Management of human resources, adaptation to any kind of change and effective functioning of banks are possible only when human resources are developed. The study covers all the important areas of human resource development in banks. These areas

Include conceptual clarification about human resource and human resource development in banks, essentials of HRD, the sub-system of human resource development like performance appraisal, training, management development, career planning and development, organization development, participative management, quality circles etc. These primary areas of human resources development will be studied thoroughly to the maximum extent through the means of discussion, interviews, reports, accounts, observations etc.

Sadia (2012) Strategic HR practice is always a challenge for any organization to provide a set of service that is able to make the sense in terms of implementing the organization's strategic plan. The banking service in the world is growing day by day. Bangladesh, albeit a developing country, is no exception from it. In the recent period of time Human Resource Management (HRM) practices became so familiar and momentous in every business sector of Bangladesh. The success of every organization is coming through the performance of the employees of that organization. The effectiveness of the employee performance is largely depends upon the HR policy and practices. This study has attempted to have knowledge about strategic HRM practices in the business sector of Bangladesh like the banking sector because it plays a pivotal role to the economic growth of the country.

Zulfqar Bowra and Kabir Niazi (2011) in their research paper "Impact of human resource practices on employee perceived performance in banking sector of Pakistan" found that The HR practices and employee perceived performance has positive and significant relationship and it is very crucial for banks to understand that their HR practices affect the performance of employees and in turn affect the overall performance of a bank be it private sector or public sector. Many researchers have recognized numerous HR organizing practices that significantly influence performance.

Objective of the study: -

Based on the research need following objective have been formulated -

1. To analysis of Comparative HR Strategies in public & foreign banks.
2. To determine the Strength and weaknesses of HR strategies in public & foreign banks.

Hypothesis of the Study: -

- H01** There is no significant difference in approach of banks for Training and Development of employees.
H02 There is no significant difference in approach of banks for Salary and Fringe Benefits offered to employees.
H03 There is no significant difference in approach of banks for employees Job Satisfaction.
H04 There is no significant difference for different banks Image Projection.
H05 There is no significant difference in approach of banks for Employees Promotion.
H06 There is no significant difference in approach of banks for Medical, Housing and other Facilities.
H07 There is no significant difference for different banks Employees Performance.

Research Methodology: -**Universe**

In the present study the universe includes two type of the bank employees of Different bank i.e. Public, and Foreign Banks.

Public Banks include: State Bank of India (SBI), Bank of India (BOI), & Bank of Baroda (BOB) .

Foreign Banks include: Citibank, Standard Chartered Bank, Hong Kong & Shanghai Banking Corporation (HSBC).

The Sample

The sampling plan was consistent with methodological guidelines provided for conducting the survey research in marketing. The simple random sampling method was used to select the bank employees for the survey. A sample of 100 respondents (bank employees) was selected from different banks 12 were selected from each of the banks.

Out of 100 respondents

- 53 respondents were male, while rest were female.
- .32 were of manager grade while rest were non manager grade.
- .48 were graduate, 32 post graduate, 20 professional (CAIIB) while rest were of other profile.
- The respondent belonged to different age groups ranging from (20- 50 years and above).

Statistical Tool: -

The data was coded in excel using MS-Office package. The coded data was then analyzed using SPSS-V21. The data was analyzed using descriptive statistics. First all questions were subjected to frequently analysis and item total correlation to check whether the scale is measuring any variation or not. An attempt to segment respondents was tried using statistical analyses Factor Analysis to identify any significant segment descriptors.

Factor Analysis: -

Factor analysis with principal components analysis and varimax rotation With Kaiser normalization extracted seven factors namely: Training and Development, Salary and Fringe Benefits, Job Satisfaction, Image Projection, Promotion Policy, Medical, Housing and other facilities and Employees Performance as human resource strategies in banking sector.

Communalities

	Initial	Extraction		Initial	Extraction
Q11	1	0.686	Q28	1	0.748
Q12	1	0.709	Q29	1	0.583
Q13	1	0.718	Q30	1	0.685
Q14	1	0.711	Q31	1	0.408
Q15	1	0.745	Q32	1	0.662
Q16	1	0.643	Q33	1	0.562
Q17	1	0.612	Q34	1	0.557
Q18	1	0.561	Q35	1	0.482
Q19	1	0.599	Q36	1	0.685
Q20	1	0.548	Q37	1	0.709
Q21	1	0.699	Q38	1	0.689
Q22	1	0.687	Q39	1	0.615
Q23	1	0.588	Q40	1	0.689
Q24	1	0.64	Q41	1	0.687
Q25	1	0.683	Q42	1	0.629
Q26	1	0.653	Q43	1	0.548
Q27	1	0.583	Q44	1	0.695
			Q45	1	0.692

Extraction Method:
Principal Component Analysis

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.196	31.989	31.989	11.196	31.989	31.989	6.11	17.457	17.457
2	2.853	8.151	40.141	2.853	8.151	40.141	3.076	8.789	26.247
3	2.031	5.803	45.944	2.031	5.803	45.944	2.979	8.51	34.757
4	1.701	4.861	50.805	1.701	4.861	50.805	2.881	8.232	42.989
5	1.468	4.194	54.999	1.468	4.194	54.999	2.539	7.254	50.243
6	1.117	3.192	58.191	1.117	3.192	58.191	2.091	5.973	56.216
7	1.016	2.902	61.094	1.016	2.902	61.094	1.562	4.462	60.679
8	1.005	2.871	63.964	1.005	2.871	63.964	1.15	3.286	63.964
9	0.952	2.719	66.683						
10	0.846	2.418	69.101						
11	0.814	2.327	71.428						
12	0.752	2.148	73.576						
13	0.73	2.086	75.662						
14	0.689	1.97	77.631						
15	0.626	1.788	79.42						
16	0.618	1.766	81.185						
17	0.569	1.627	82.812						
18	0.547	1.563	84.375						
19	0.501	1.431	85.807						
20	0.469	1.34	87.147						
21	0.446	1.273	88.42						
22	0.428	1.222	89.642						
23	0.385	1.1	90.741						
24	0.38	1.086	91.827						
25	0.344	0.982	92.809						
26	0.329	0.941	93.75						
27	0.312	0.891	94.642						
28	0.292	0.834	95.475						
29	0.28	0.801	96.277						
30	0.263	0.751	97.027						
31	0.248	0.708	97.735						
32	0.234	0.669	98.404						
33	0.208	0.593	98.997						
34	0.177	0.507	99.504						
35	0.174	0.496	100						

Extraction Method:
Principal Component Analysis.

Rotated Component Matrix^a

	1	2	3	4	5	6	7
Q11	0.36	0.036	0.641	0.149	0.105	0.071	0.304
Q12	0.672	0.004	0.41	0.037	0.14	0.187	0.173
Q13	0.736	0.019	0.318	0.052	0.149	0.17	0.129
Q14	0.667	0.151	0.326	0.027	0.005	0.052	0.186
Q15	0.793	0.196	0.182	0.101	0.073	0.052	0.073
Q16	0.762	0.092	0.154	0.054	0.096	0.108	0.065
Q17	0.674	0.11	0.14	-0.031	0.154	0.312	0.055
Q18	0.235	0.01	0.147	0.193	-0.386	0.207	0.012
Q19	0.696	0.197	0.089	0.02	0.086	0.243	-0.011
Q20	0.493	0.302	0.06	0.128	0.398	0.013	-0.183
Q21	0.043	0.788	0.091	0.07	0.103	0.16	0.141
Q22	0.102	0.772	0.152	0.085	0.068	0.104	0.084
Q23	0.377	0.573	0.104	0.061	0.157	0.265	-0.082

Q24	0.183	0.301	0.547	0.254	0.353	0.049	0.1
Q25	0.134	0.223	0.723	0.188	0.186	0.111	-0.084
Q26	0.386	0.138	0.264	0.097	0.492	0.388	-0.078
Q27	0.138	0.203	0.502	0.167	0.012	0.383	0.021
Q28	0.352	0.151	0.071	0.097	0.181	0.743	0.008
Q29	0.28	0.29	0.159	0.009	0	0.624	-0.019
Q30	0.303	0.223	0.209	0.14	-0.031	0.44	0.176
Q31	0.441	-0.325	-0.152	0.227	-0.13	0.005	0.129
Q32	0.14	0.505	0.184	0.417	0.032	-0.345	-0.238
Q33	0.216	0.1	0.369	0.421	0.095	-0.087	0.415
Q34	0.226	0.326	-0.027	0.406	0.051	0.105	0.465
Q35	0.16	0.606	0.055	0.092	0.061	0.143	0.15
Q36	0.098	0.11	0.121	0.079	0.042	0.022	0.788
Q37	0.365	0.139	0.076	0.241	0.672	-0.013	0.162
Q38	0.198	0.106	0.221	0.089	0.743	0.139	0.064
Q39	0.326	0.093	0.292	0.203	0.579	0.118	0.018
Q40	-0.067	0.108	0.44	0.595	0.148	0.142	0.266
Q41	-0.024	-0.034	0.426	0.648	0.06	0.182	0.213
Q42	0.148	0.129	0.057	0.693	0.064	0.312	0.039
Q43	0.213	0.133	0.119	0.6	0.162	-0.247	-0.032
Q44	0.683	0.109	-0.146	0.301	0.235	0.196	-0.01
Q45	0.711	0.133	-0.177	0.207	0.231	0.042	-0.014

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 14 iterations

Training and Development

Training and Development having significant factor loading of item No. 12,13,14,15,16,17,19,20,31,44 and 45 highlighting the significance of training and development programme of employees which is influence by proper development programme quality of training, technical knowledge, ability of the trainer, personnel policy, training consistency, frequency of training programme, fair promotion policy, rational work load, specific training and Orientation programme.

Salary and Fringe Benefits

Salary and fringe benefits having significant factor load of item No 21,22,23,32 and 35 highlighting the significance of salary and fringe benefits of employees which is influenced by current salary, satisfaction, welfare and fringe benefits working hours, and standard of living.

Job Satisfaction

Job Satisfaction having significant factor load of item No. 11, 24, 25 and 27 highlighting the significance of job satisfaction of employees which is influenced by recruitment policy of the bank, present position and status, job accomplishment and paid holidays.

Image Projection

Image Projection having significant factor load of item No. 33,40,41,42 and 43 highlighting the significance of Image Projection of Bank which is influenced by computerization, quality of work life, image projection, quality of staff and devoted working hours.

Promotion Policy

Promotion Policy having significant factor load of item No. 26,37,38 and 39 highlighting the significance of promotion policy of employees which is influenced by worker management relationship, evaluations of performance seniority in promotion and priority its merit is promotion.

Medical, Housing and other Facilities

Medical, Housing and Allied facilities having significant factor load of item No. 28, 29 and 30 highlighting the significance of medical facilities, having and other facilities of employees which are influenced by health and medical facilities, and working condition.

Employees Performance

Employees Performance having significant factor load of item No. 34 and 36 highlighting the significance of employee's performance of employees which is influence by conducive work environment and better work performance.

Finding :-

1. Employees of foreign banks were consistent in their opinion as –Training and Development is an important human resource strategy.
2. Employees of Public Sector Banks agreed and were consistent in their opinion as job satisfaction is an important human resource strategy, where as employees of foreign sector banks were found to be less satisfied from their jobs.
3. Employees of foreign Banks agreed and were Consistent in their opinion as perceived Brand Image is an important human resource strategy, whereas employees of Public Sector Banks were also found to be agreed but were inconsistent in their opinion.
4. Employees of foreign banks and public sector banks were found their promotion policy more clearly .
5. Employees of foreign banks were found to be relatively less agreed than employees of other banks for Medical, House and other facilities
6. Employees of public sector banks were found to be relatively less agreed than employees of other banks for employee's performance.
7. Further the findings of the study also revealed that employees of public sector banks were found to be

significantly differing in their opinion than foreign bank employees towards 'Training and Development'.

As considering the scores of different HR strategies i.e. Training and development, Salary and Fringe Benefits, Job Satisfaction, Image Projection, Promotion Policy, Medical, Housing and other facilities, Employees Performance the findings of these strategies are as follows:-

- The training and development scores shows that, about half of respondents agree that the bank is conducting proper development programme, that bank imparts fair quality of training to the employees, which increases their technical knowledge and ability to work satisfactory. The personnel policy of bank is supportive in training and the training received is consistent with the job needs of employees. Also the training programmer adequately trains employees and the training programmes are conducted free, frequently by the bank.
- The scores of salary and fringe benefits reveal that the most of the employees are satisfied with their current salary. The personnel policy is satisfactory in respect of salary. Whereas some of the welfare and fringe benefits of personnel policy of the bank are not satisfactory. The working hours of the bank are satisfied. Moreover the current salary can support a good standard of living.
- The scores of job satisfaction show that the recruitment policy taken by the banks are fair and adequate. Almost half of the employees are satisfied with their present position and status in the bank. Whereas most of the employees are happy with the paid holidays policy of the bank.
- Image projection scores reveal that computerization has made the work of employees easy. The bank is well known for its goodwill and brand image in the market.
- The scores of promotion policy reveal that the employees face skill obsolescence. Moreover most of the employees are satisfied with the existing worker management relationship in the bank. For the evaluation of performance employees believe that there should be provision for seniority in promotion.
- The scores of medical, housing and other facilities, taken by the banks are successful in fulfilling the expectations of employees. The employees are satisfied with health

and medical facilities provided to them and also with the working conditions of the bank.

- The employee's performance scores shows that computer make their work easy which will result in less work load on them. Moreover the presence of good salary encourages better work performance.

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